

Senate Banking and Financial Institutions Committee
Members
2005-2006

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Senator Ed Harbison
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Senator David J. Shafer
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Senate Banking and Financial Institutions Committee
2006 Rules of Operation

1. These Committee Rules of Operation shall be consistent with Senate Rule [2-1.5] regarding establishment of Rules of Operation.
2. All meetings of the Committee shall be open to the public in accordance with Senate Rule [1-5.1.].
3. The Committee shall meet at the time and place designated by the Secretary of the Senate and approved by the Committee on Administrative Affairs.
4. Quorum shall be five members.
5. The Chairman shall determine bills and resolutions to be considered and the order in which such are called.
6. The Chairman shall have the authority to refer bills and resolutions to subcommittees for study. Such subcommittees shall have the authority to make recommendations to the full committee. All actions of any subcommittee shall be approved or disapproved by the standing committee. [2-1.5(b)].
7. The Committee shall convene, recess, and adjourn upon the order of the Chairman.
8. Committee rules may be amended by a two-thirds vote of the full membership of the Committee.
9. A bill, resolution, or other matter shall be considered only after presentation by its principal author or his or her designee. The principal author shall be notified in writing at his or her Capitol office no less than twenty-four (24) hours prior to the scheduled presentation. In the event more than one member of the General Assembly has signed a measure, the principal author shall be the one whose name appears first in the list of authors. [2-1.9].
10. Precedence of motions shall be as sets out in Senate Rule [2-5.3].
11. The proceedings of all meetings shall be reduced to writing. The recording of the minutes of the committee and subcommittee meetings shall comply with Senate Rule [2-1.7(d)].
12. Any member or members of the committee who disagree with the majority committee report shall have the privilege of filing a minority report. The minority report must state succinctly the reasons for the dissent.
13. Where the rules are silent on a specific issue, the Rules of the Senate shall apply.

Senate Banking and Financial Institutions Committee Minutes

February 13, 2006

The Senate Banking and Financial Institutions Committee held its first meeting of the 2006 Session of the General Assembly on February 13, 2006 at 4:30 p.m. in Room 450 of the Capitol.

In the absence of Chairman Hamrick, who was attending the Senate Judiciary Committee, Senator Hudgens, Secretary, called the meeting to order at 3:35 p.m. He welcomed everyone to the meeting.

Members present were Senator Hudgens, 47th, Senator Bulloch, 11th, Senator Harbison, 15th, Senator Shafer, 48th, Senator Thompson, 33rd, Senator Cagle, 49th, and Senator Starr, 44th.

SB 535 (Sen. Hamrick, 30th) Pawnbrokers; define terms; Gov. Consumer Affairs; title pawn ticket

Senator Hudgens stated that the meeting would begin with a hearing on SB 535, and that he would speak to the legislation, since he is a co-sponsor of this bill. Senator Hudgens stated that under the bill, the title pawn brokers would be licensed and administered under the Governor's Office of Consumer Affairs. The license would be a 2 year license, and there would be a limit on the extension on the pawn after the fourth extension. At that time a 5% principal reduction would be required.

Senator Thompson left the meeting at 4:45 p.m.

Chairman Hamrick arrived at the meeting at 4:45 p.m. and took over as Chair of the Committee meeting from Senator Hudgens.

Senator Hamrick stated that the legislature is trying to address the issue of Title Pawn in Georgia. Mr. John Thomas, lobbyist for the United Pawn Council of Georgia, worked on it about 5 years ago and put a framework in place to set up these businesses and have consumer protections at the same time. However, because it is a short term loan outside of the usury statutes and has a higher interest rate, there is the issue of whether it is being abused or not, and the legislature is trying to keep an eye on that.

Senator Hamrick stated that the big issue is educating consumers, and combined with the stories that have run in the AJC, the key is to give our citizens the information to make good decisions about how they want to pursue their finances. He stated that the more information we can get out the better. We also have a responsibility as legislators to put protections in place so that the authority that we give to people is not being abused. We are trying to strike the right balance.

On the theme of educating consumers, Senator Hamrick asked the Committee to look at page 6 of [SB 535](#). He has created a Section 5 which would create all new language that lists several informational items about these types of loans. What the legislation is trying to get across to the consumer is that this is a different type of financial situation, and it is not intended to meet long term financial needs. It is intended to meet short term cash needs if they pay an additional interest and fees. If they renew the pawn rather than paying it in full, they are placing an asset at risk, which is the vehicle that they have pawned.

Senator Hamrick continued by stating that borrowers need to understand that they could lose the vehicle, and the bill has an added a right of rescission. This means that if a consumer gets a loan, goes home and thinks about it, and decides that he or she should not have done that, then they have a day to pay the money back without interest and get out of the pawn transaction. Rescission is listed as one of the disclosure requirements that we are adding that the consumer receives. Education is the key, and although the state cannot regulate the behavior of everybody, it can try to educate them about what is out there for their use. Senator Hamrick stated that it is consistent with other things in the financial area.

The National Conference of State Legislatures has a financial literacy program that they are working on to try to get information out to consumers about the various types of financial products. Senator Hamrick stated that he thinks that history will show that there is always going to be somebody out there trying to meet the demand for various financial products, and when you close one down, another option opens up. Some states have tried to outlaw high interest loans, and the lenders have found ways of getting around that in many cases.

Senator Hamrick stated that the idea of [SB 535](#) is to allow the title pawn businesses to continue, but to also put some additional consumer protections in place,. SB 535 seeks to educate consumers and disclose to them what kind of transaction they are entering into.

Senator Cagle asked about Section 3, regarding the stipulation of a 60 day period for the pawn broker to sell the vehicle. Chairman Hamrick responded that he does not want title lenders to have the incentive of getting the vehicle, but rather have the incentive to get the loan paid off. Recently in Cobb County, there was a case where the title lender wanted to get the car and not the loan. A \$30,000 vehicle can be pledged for a loan for \$1,500. The title lender can repossess the vehicle, sell it, and keep the excess proceeds. The idea is to create the incentive for the pawn broker to sell the vehicle to get paid, and then return the balance to the consumer. The idea is for the pawn broker to sell it in 60 days and not to keep it; if they make more than the value of the loan, they would return it to the consumer.

Senator Hudgens asked if the interest on the loan stops when the car is repossessed, and Chairman Hamrick stated that it does not.

Senator Cagle stated that a 60 day period is a short window in which to sell a car which the pawnbroker has repossessed.

Senators Starr and Cagle left the meeting at 4:50 p.m.

Chairman Hamrick stated that Section 1 defines the motor vehicle title pawn under Title 44, property code. Section 2 is a major step requiring motor vehicle pawn brokers to register with the Governor's Office of Consumer Affairs, so that Consumer Affairs knows where they are located. The state needs to get an idea of how many of these companies are out there, and that will help us to provide information.

Section 3 requires that the pawn brokers who are going to repossess to send a letter to the person who borrowed the money, then the borrower has 10 days to remove any personal possessions from the car. Hopefully this provision would alert the consumer that they need to pay off the loan or lose the car. At least this would give them a window from the time they know this, and the time the car is taken away from them. This provision comes from a Cobb County case in which a car was repossessed, and the borrower thought it had been stolen. This provision would put the consumer on notice that the car is going to be repossessed, and the borrower can get their personal belongings out of the car.

Once the repossession does occur, Section B requires the pawn broker to send a notice to the borrower that he has 20 days to redeem the vehicle, with the opportunity for the borrower to come in and pay what is owed and get the car back. It gives the borrower another protection against their vehicle being taken away from them.

Section C is a section that states that once the pawn broker repossesses the car, then in order to carry out the purposes of this type of transaction that the state envisions, they will sell the car and return the money in excess of what was borrowed as well as the interest back to the consumer. Therefore we will avoid the situation where a car worth \$30,000 has been repossessed; the loan amount was \$1,500, and the company kept the excess proceeds. This is the purpose of that provision.

Chairman Hamrick stated that he can see Senator Shafer's point that the car cannot be sold to a friend for 25% of its worth, and somehow benefit from that, and the Banking Committee will look closer at this provision to see if we need to make changes there.

In Section 2, # 4, A & B the current language is in the code that addresses the interest rate. The current law requires that the interest be 25% for the first 90 days of the loan. After that it goes to 12 ½ %. This was set up in the statute when it was set into law 10 or 15 years ago. That is actually not the lowest or highest but somewhere in between. Since this is a short term loan, it is different from a regular financial transaction, but hopefully consumers will understand the rate and be able to make a decision based on the knowledge of this rate.

Section C is the principal reduction provision which requires that on the fourth extension (which is the first extension where the interest rate has gone down from 25 to 12.5,) the consumer is required to pay back 5% of the principal, so that they can start reducing the amount owed and begin getting out of the cycle of debt, if they are headed in that direction.

The intent is to try to turn them around and get them out of debt. This is similar to what credit card companies are doing in response to federal regulations that require a higher minimum payment, but there was a story in the Atlanta paper recently that there is an issue of striking a balance between requiring too much of a minimum payment, versus requiring enough that starts moving them in the right direction. The purpose is not to hurt the consumer in trying to help them. What that story mentioned was that some consumers were having a hard time making the minimum payment. [SB 535](#) tries to strike the right balance with 5% reduction. Also, this is not required until the interest is 12.5%.

There are 3 options when the principal reduction kicks in. The consumer can start paying down, they can pay the loan off, or the lender or pawn broker can defer it and let them pay later. If the lender defers it, they cannot charge any interest. At that point, there is zero interest, the loan is paid off, or they are paying down the principal. Hopefully they are headed in the right direction at that point.

Senator Stephens asked a question regarding the fourth option if the pawnbroker could issue a new transaction to pay off the old transaction. Chairman Hamrick stated that it probably would unless [SB 535](#) prohibits that scenario. That has been one of the problems that other states have mentioned, in that a consumer gets consecutive loans and gets caught into a cycle. That is when we as a legislature have to decide how much control the state should have over people in their ability to contract? This is something other states have dealt with, and we can look at that for Georgia.

Senator Bulloch asked about Section 3, page 2 regarding notification by slow mail, registered, or certified because slow mail may not make it in 10 days. Senator Hamrick responded that the Committee will use standard code on that issue.

Chairman Hamrick responded to a comment from Mr. John Thomas, lobbyist for the United Pawn Council of Georgia. He stated that the mail box rule under current law is that once something is sent by the U. S. mail, it is presumed that it is received by the party, whether it is refused or not. There is a presumption that systems work. Senator Bulloch left the meeting at 5:00 p.m.

Chairman noted that on Page 4 contains the language from the current pawn broker law. [SB 535](#) does not change the fees that are in current law, although these fees were set about 15 years ago and have probably gone up. There is an issue in some states of raising the fees rather than increasing the interest rates. The fees which were originally enacted are not changed in this bill. On Page 4 line 26, it states that there is no prepayment

penalty. On Page 4, line 31, it addresses a private right of action for the borrower. Consumer groups have stated that borrowers should have the right to go to court and force their rights. In current law the state provides that, and it is there in the code. We have seen law suits recently that have been filed to force consumer rights through the court system.

Page 5, line 19 begins the section where we allow the right of rescission, which is another point that consumer groups state that [SB 535](#) should have in the legislation.

Page 5, line 34 adds a representative from the Governor's Office of Consumer Affairs as the person that can inspect the books of a pawn broker. Currently law enforcement can walk into a pawn broker's office and look at the books anytime. Since [SB 535](#) puts the business under the Office of Consumer Affairs, and the legislation is adding them to the list of anyone who can walk into the office and look at the books.

Page 6, Section 5 mentions the disclosures or the consumers understanding of a product like this.

Section 6 is new language that addresses members of the military and dealings with lenders. The bill also provides a section for members who are in the National Guard who are called on Active Duty. This is on Page 7, line 8-25. The Committee is trying to give them a break if they are called to duty or have signed a pawn transaction agreement.

Senator Harp arrived at the meeting at 5:15 p.m.

Section 7, Page 7 is a severability clause.

Chairman Hamrick closed the meeting with a short summary by stating that this is a hearing, and he wants to get the bill out for review and get feedback on the bill. There will be another meeting this week to take it up for a possible vote. He asked that if there are comments or suggestions to please contact him in the next couple of days.

There being no further business, Chairman Hamrick adjourned the meeting at 5:30 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th
Secretary

/s/ Mary Whiting
Recording Secretary

Senate Banking and Financial Institutions Committee Minutes
February 15, 2006

The Senate Banking and Financial Institutions Committee held its second meeting of the 2006 Session of the General Assembly on February 15, 2006 in Room 450 of the Capitol. Chairman Hamrick called the meeting to order at 1:00 p.m.

Members present were Chairman Hamrick, 30th, Senator Hudgens, 47th, Senator Bulloch, 11th, Senator Miles, 43rd, and Senator Schaefer, 50th.

SB 535 (Sen. Hamrick, 30th) Pawnbrokers; define terms; Gov. Consumer Affairs; title pawn ticket

Chairman Hamrick opened the meeting by stating that since there is not a quorum of committee members attending this meeting, this meeting will be a continuation of a hearing only on **SB 535** which was begun at the last meeting on February 13, 2006.

Chairman Hamrick asked the Committee and visitors if they had questions and any discussion of the bill. Senator Hamrick made a clarification in the legislation regarding line 28-29 of Section 3 (B) regarding the right of the pledgor to redeem the motor vehicle by paying the pawnbroker all amounts owed. Discussion followed regarding the requirement of the pawnbroker to disclose the number of repossessions for the previous year.

Senator Cagle stated that the requirement of the pawn broker to sell the vehicle in 60 days has been resolved, and he is satisfied with the requirement.

Chairman Hamrick introduced Mr. Will Phillips from A. A. R. P. to speak to the legislation. Mr. Phillips stated that they have 900,000 members and that the bill will assist them in making limits on the interest rates being charged to senior citizens. He is concerned about the interest rates of 150-300% being charged at present.

Chairman Hamrick then introduced Mr. Danny Orrock from Georgia Watch to speak to the legislation. Mr. Orrock also spoke regarding the high interest rates currently being charged to pawn automobiles, and he stated that he is pleased with the provision regarding the registration with the Governor's Office of Consumer Affairs. The registration will collect information on the industry regarding total pawns in the year as well as defaults and repossession.

Senator Hudgens stated that a 30 day title pawn transaction can be rolled over 3, 4, or 5 times, and he hopes the bill will prevent this from happening with the provision in the legislation of a 5% principal reduction requirement at the fourth rollover.

Chairman Hamrick stated that an important issue in the legislation is the issue of repossession. The bill will eliminate the surprise factor, and the borrower will have time

to remove personal property from the vehicle. The rescission provision will also assist consumers in being able to get out of the loan within a 24 hour period without penalty, which is the case in mortgage loans.

Chairman Hamrick stated that the Atlanta Journal and Constitution has done a very good job in educating consumers regarding the issues and dangers of title pawn. Page six of the bill requires disclosures that consumers should be aware of with this type of loan.

Senator Hudgens asked if the pawn company would have a clear title to the vehicle as well as keys to the vehicle. Chairman Hamrick responded that he assumed that they would have a clear title and keys.

Chairman Hamrick stated that the bill would be brought up at another meeting, since there were not enough members present at the meeting to have a quorum for voting.

There being no further business, Chairman Hamrick adjourned the meeting at 5:15 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th, Secretary

/s/ Mary Whiting
Recording Secretary

Senate Banking and Financial Institutions Committee Minutes
February 22, 2006

The Senate Banking and Financial Institutions Committee held its third meeting of the 2006 Session of the General Assembly on February 22, 2006 in Room 450 of the Capitol. Chairman Hamrick called the meeting to order at 3:35 p.m.

Members present were Chairman Hamrick, 30th, Senator Hudgens, 47th, Senator Bulloch, 11th, Senator Stephens, 27th, Senator Thompson, 33rd, Senator Douglas, 17th, and Senator Schaefer, 50th.

SB 535 (Senator Hamrick, 30th) Pawnbrokers; define terms; Gov. Consumer Affairs; title pawn ticket

Chairman Hamrick stated that we have on the agenda today SB 535 which has been distributed and the Committee has discussed the legislation in a couple of committee meetings. He announced that the legislation has been amended and a couple of small changes have been made. Therefore there is a Substitute to SB 535.

Senator Hamrick also stated that the Committee had discussed adding the number of repossessions to the required information to be registered with the Governor's Office of Consumer Affairs, so that language has been added on Page 2 at line 2. On Page 2 at line 17 the legislation has been changed to add that the mail must be sent by certified or statutory overnight delivery, return receipt requested, which is standard language in Georgia law about certified mail. On Page 2, line 29 certified delivery was added. He stated that everything else in the legislation is the same, and that he has discussed the bill with the committee members, and he is ready to go ahead with a motion.

Senator Thompson asked if Chairman Hamrick was planning to Engross the bill. Senator Hamrick stated that he would have to make that decision later on. Senator Thompson said that Chairman Hamrick had done a good job on the bill, but he hoped that it would not be Engrossed, because there are some issues that could be brought up on the floor which might make improvements on the bill.

However, Senator Thompson moved "Do Pass by Substitute." Senator Bulloch seconded. Motion passed unanimously.

Senator Hamrick thanked the Committee for their attendance at the meeting, as there are many committee meetings being held today.

Senator Hudgens asked the Chairman if Senator Douglas was now a member of the Banking Committee. Chairman Hamrick responded that he is now an Ex-Officio member. Senator Hudgens asked if the Rules of the Banking Committee quorum can be changed to 5. Chairman Hamrick stated that he will look into it for the next meeting.

There being no further business, the Chairman adjourned the meeting at 3:45 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th, Secretary

/s/ Mary Whiting
Recording Secretary

Senate Banking and Financial Institutions Committee Minutes
February 28, 2006

The Senate Banking and Financial Institutions Committee held its fourth meeting of the 2006 Session of the General Assembly on February 22, 2006 in Room 450 of the Capitol. Chairman Hamrick called the meeting to order at 2:30 p.m.

Members present were Senator Hamrick, 30th, Senator Stephens, 27th, Senator Hudgens, 47th, Senator Thompson, 33rd, Senator Douglas, 17th, and Senator Shafer, 48th.

Chairman Hamrick stated that we have two bills on the Agenda today: SB 505, Senator Balfour's bill and SB 513, Senator Wiles' bill. He announced that he plans to take a vote on SB 505 and have a hearing on SB 513.

SB 505 (Sen. Balfour, 9th) Mortgage Broker/Lender License; exempt certain exclusive agents

Chairman Hamrick called upon Senator Balfour to present **SB 505**.

Senator Balfour stated that **SB 505** exempts from licensure employees of mortgage brokers or mortgage lenders. Under current law it requires non employee agents to be licensed as mortgage brokers even if they are contractually bound to serve only one licensed mortgage broker. At present they can only solicit or process mortgage applications for lenders that are affiliates of the licensed mortgage broker. The licensure is expensive (over \$1,100) for prelicensing education, bonds, testing, investigative fee, fingerprinting, plus ongoing fees and continuing education.

SB 505 would cure this inequity by exempting exclusive agents for licensed mortgage brokers, if and only if the licensed mortgage broker takes absolute responsibility for the regulating mortgage activity of his agents and the licensed mortgage broker is a subsidiary of a bank holding company or a similar organization. Loans are examined by federal or state regulators.

The loans solicited are processed and placed only with affiliates of a licensed broker; there would be no shopping of loans. The individual would otherwise be a covered employee under Section 7-1004 which would not allow for any criminals, con-artists, or people of that sort.

Senator Balfour stated that without increasing risk to the consumer, **SB 505** would provide more mortgage options to the consumer. It brings Georgia in line with the majority of states that do not require similar individuals to be licensed as mortgage broker. Primerica is the largest seller of term life insurance in the United States, and it is headquartered in Duluth, Georgia with over 1,600 employees in Georgia. This bill would eliminate Primerica's home field disadvantage. The argument used in other states is that

Primerica's home state discriminates against them. Senator Balfour stated that he hopes that the committee will consider this bill and pass it out for a good company that has great assets in Georgia and has done a great job for the State of Georgia.

Chairman Hamrick called upon Senator Thompson for a question. Senator Thompson asked if this was no different than a commercial bank that hires independent contractors who provide different services and operate under the bank charter or code in Georgia.

Senator Balfour stated that it is correct, and that he is looking at the Substitute to [SB 505](#). There have been questions about it, and the Banking Commissioner has looked at the bill, and they have come up with some wording changes to tighten it up. That is what the Substitute does, and we are in agreement with that.

Senator Schaefer, 48th, arrived at the meeting.

Chairman Hamrick stated that we are working off the Substitute now and called upon Mr. Pete Robinson, lobbyist who represents Citigroup Primerica. Mr. Robinson stated that they drafted a Substitute based on some input from the Banking Department, and he could explain the changes if it would please the Committee. Chairman Hamrick stated that it would be fine, and they are working off of LC34-0641S.

Mr. Robinson stated that what the substitute does is to put into code the specific accountability undertaking for the subsidiary. It requires that if anybody operates under this type of exemption, the subsidiary has to post a surety bond of at least \$1,000,000. or \$50,000 per person operating, whichever is less. They also must undertake education which the department would oversee of those agents operating under this.

Mr. Robinson continued by stating that the bill will also put into statute a specific application fee which is much more than the average application fee for mortgage brokers including one half of the sum of the cost of the individual licenses or \$100,000 cap. In the case of his client, it is \$300,000. We are putting in the specifics into the statute rather than leaving to be determined by the Department later.

Chairman Hamrick recognized Senator Hudgens for a question. Senator Hudgens asked if there is a typographical error on Page 2, line 5, and he asked if the word "of" should be "or." Chairman Hamrick stated that it should be "or," and the Substitute should be amended.

Chairman Hamrick summarized the legislation and questioned Mr. Robinson regarding this legislation and asked if it is drafted to cover mortgage brokers who work for one lender. Mr. Robinson stated that it is for one lender, exclusive captive agents. They are 1099 independent contractors, rather than a W-2 employees.

Chairman Hamrick asked for a motion to change the quorum of the Banking Committee. Senator Thompson moved to change the quorum from 7 to a simple majority which is 5,

excluding the ex-officio members. Senator Stephens seconded. Motion passed unanimously.

Senator Cagle, 49th, arrived at the meeting.

Chairman Hamrick stated that there were visitors present from the other side of the issue who wished to speak. He called upon Mr. Ronnie Rose, a mortgage broker from Columbus, Georgia. Mr. Rose is also President of the Georgia Association of Mortgage Brokers. He is a small businessman with 7 employees and enjoys the challenges and rewards of operating a business in Columbus.

Mr. Rose stated that the Georgia Association of Mortgage Brokers is an organization which is comprised of small businessmen and women who support less regulation and government oversight when it comes to their businesses. They realize and understand the complexity and potential abuse in the mortgage industry, and it requires a reasonable amount of regulation. Across the nation as well as in Congress there is a concern about mortgage fraud and in protecting consumers, so that they are treated honestly, fairly, and ethically in obtaining a mortgage loan.

The GAMB heartily supports national, state, and local government efforts to ferret out and prosecute that small minority of individuals in the mortgage loan industry who cheat the public. As evidence of their commitment, the Association has worked with the Department of Banking and Finance for the last two years to institute continuing education requirements for all mortgage brokers in the state.

Likewise the GAMB supported Senator Hamrick and Attorney General Baker's efforts last year with [SB 100](#). Their association supports continuing regulations by the State Department of Banking and Finance of all practitioners of the mortgage loan industry. Further, their Association opposes any proposal to exempt selected groups from that regulation, believing that it weakens the state's ability to protect the consumer.

The Substitute to [SB 505](#) proposes to exempt a large number of currently licensed mortgage brokers who work for companies that are a subsidiary of the financial and bank holding companies, savings bank holding companies, or thrift holding companies.

The Georgia Association of Mortgage Brokers is opposed to this legislation for the following reasons. It would exempt a large number of individuals who are currently licensed under the Georgia Residential Mortgage Act. The individuals who would be exempted by this bill would continue to process mortgage loans in Georgia, thereby reducing the current protections to the consumer that those licensing regulations provide. It will eliminate the cost to the individuals and their large company of complying with those licensing requirements, thereby giving these practitioners a competitive advantage over other mortgage brokers who are small business owners.

Mr. Rose continued his testimony by stating that while all other licensees will be required to pay their employees by W-2's, monitor their actions, and absorb the cost of so doing, this bill would allow the exempted companies to maintain their agents as independent contractors, allowing them to exclude the cost associated with claiming employees by W-2's, rather than as an independent contractor. Removing the requirements to license an individual also removes the requirement to educate that individual.

The GAMB has worked diligently over the last two years to have these educational requirements for mortgage brokers instituted in the state of Georgia, and they do not believe that just because a person may work for a large company with great resources, they should be exempted from these educational requirements.

Mr. Rose then asked the Banking Committee to vote No on this bill, which will be a vote in favor of the consumer and the small businessmen and women in the mortgage profession in the state of Georgia. He thanked the Committee for their consideration on this bill. Chairman Hamrick thanked him for his presentation as well, and he asked for questions from the committee.

Senator Thompson was recognized for a question, and he stated that several years ago we had passed the fair lending act. He asked Mr. Rose where his organization stands on that legislation.

Mr. Rose stated that they were originally opposed to the Georgia Fair Lending Act because of the implications and the things that happened with that. They were in favor of the Amendment to the Georgia Fair Lending Act. Senator Thompson responded by stating that the provisions in the Amendment weakened the bill.

Mr. Rose stated that the Georgia Fair Lending Act did not do that. The Georgia Fair Lending Act had shut off credit to an entire class of citizens in the state of Georgia, because the lenders that were making the loans refused to do business in the state of Georgia. He reminded the committee that Standard and Poor and Moody's both refused to rate a Georgia Mortgage package that had a Georgia law with that amendment.

Senator Miles, 43rd, arrived at the meeting.

Chairman Hamrick closed the discussion on [SB 505](#) and recognized Senator Thompson for a motion on the Amendment. Senator Thompson moved "Do Pass." Senator Stephens seconded. Motion passed unanimously.

Senator Cagle asked a question about the amendment/correction, since he had arrived at the meeting late, and Chairman Hamrick explained changing "of" to "or" on Page 2, line 5.

Senator Cagle stated he is concerned in some ways about opening up a scenario where 1099 employees will be exempt under the purview of the holding company. This is a precedent under these circumstances that he is somewhat cautious of, but he is willing to assist Senator Balfour in moving the legislation forward and trying to be helpful to this issue.

Chairman Hamrick asked for further comments on the legislation. Senator Thompson responded that the financial holding company that he and Senator Cagle are familiar with will have the liability and responsibility to accept all of it through this bill, as opposed to independent contractors.

Chairman Hamrick asked for a motion on the Substitute. Senator Thompson moved “Do Pass by Substitute as Amended”. Senator Stephens seconded. Motion passed unanimously.

SB 513 (Sen. Wiles, 37th) ATM’s; require use of 9-1-1 emergency call capability

Chairman Hamrick called upon Senator Wiles to speak to his legislation. Senator Cagle asked if there would be a vote on this bill today, as he had to leave the meeting to present a bill in another committee.

Senator Cagle, 49th, left the meeting.

Senator Shafer, 48th, arrived at the meeting.

Chairman Hamrick stated that there would not be a vote today on **SB 513**.

Senator Wiles stated that **SB 513** originated because of a tragedy. Kimberly Boyd, a mother of 3 children, was kidnapped at gunpoint and forced to drive to an ATM in Cobb County. She was forced to withdraw money from the bank which was open at the time, and she had no ability to summon help. She was forced back into her car on Cobb Parkway. She started fighting for her life on the bridge over Lake Altoona. The man shot her and grabbed the wheel and ran into a cement truck at Highway 92. An armed citizen saw the event and got out of his car and shot and killed the criminal. Mrs. Boyd was killed by the car accident.

Her husband Mr. Boyd decided to make his role in life in honor of his wife to do something about it, and he came to Senator Wiles to do something about registration of sexual predators and the possibility of making an ATM emergency call. There was no way to ask for help at an ATM machine.

Senator Wiles stated that he had discussed the possibilities of having 911 call buttons on ATM machines with the Banking Department. The security code could be put in backwards and the machine would be alerted to call the police, although the ATM

machine would still give out the money. It will cost approximately \$1,000 per machine. The banking community is not opposed to this cost. This bill does require use of the ATM card, so that kids riding by on a bicycle would not be able to push a 911 button.

Chairman Hamrick called upon Senator Shafer for a question. Senator Shafer applauded Senator Wiles for his legislation and the possible deterrent value of this technology. Senator Shafer asked what would happen if the 911 button was activated, would an operator come on the line? Senator Wiles stated that he envisioned that it would automatically alert the police that a crime was taking place at a certain ATM machine.

Chairman Hamrick called upon Senator Thompson for a question. He stated that Senator Wiles is doing a noble thing, and he wished we had done something yesterday about this problem.

Senator Hudgens asked whether the 911 button is designed to help you before and after a robbery. He asked how long it takes for the police to respond to a 911 call. Senator Wiles stated that it is about 2 ½ minutes. The ATM transaction takes about 1 ½ minutes.

Senator Wiles introduced Mr. Boyd to speak to the Committee regarding the legislation. Mr. Boyd described the possibilities in putting 911 buttons on ATM machines. He stated that it can be done now using a reverse pin code. Lights and cameras do not do anything to protect the consumer. He stated that Wachovia had tried using 911 buttons in other states, but they were taken off. Mr. Boyd distributed copies of 11 objections to the bill that the banking industry has published, and he distributed a rebuttal.

Chairman Hamrick called upon Senator Thompson for a question. Senator Thompson stated that the best time to get away is at the beginning of the transaction. He suggested that a Senate Select Committee on ATM Safety should be appointed to study the problem during the next year. Senator Thompson stated that he wants to find a way to help Mr. Boyd.

Chairman Hamrick called upon Senator Hudgens for a question. Senator Hudgens asked if the screen on the ATM machine could say “your account is overdrawn” and keep your card. Mr. Boyd responded by saying that he felt this would alert the criminal that something had been done.

Senator Hamrick closed the discussion and stated that the bill will be heard at another meeting in the future.

There being no further business, Chairman Hamrick adjourned the meeting at 3:30 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th, Secretary

/s/ Mary Whiting
Recording Secretary

Senate Banking and Financial Institutions Committee Minutes
March 21, 2006

The Senate Banking and Financial Institutions Committee held its fifth meeting of the 2006 Session of the General Assembly on March 21, 2006 in Room 125 of the Capitol. Chairman Hamrick called the meeting to order at 2:30 p.m.

Members present were Chairman Hamrick, 30th, Senator Hudgens, 47th, Senator Bulloch, 11th, Senator Schaefer, 50th, and Senator Shafer, 48th.

HB 1238 (Rice, 51st) Wire transmission; money; illegal immigrant fee

Chairman Hamrick announced to the committee and guests that there was a Substitute to **HB 1238**, LC 18-5585S, and called upon Representative Rice, 51st, to speak to his legislation.

Representative Rice stated that this bill authorizes a wire transmission company to charge a customer fee of 5% of the money being transmitted. The fee will be waived if they are a citizen of the United States.

Proof of citizenship includes employment eligibility verification Form I-9 of the Federal Department of Homeland Security; a current pay-stub showing proof he or she pays taxes; a state or federal tax return; identification document issued by a foreign government, and a driver's license or identification card issued on or after July 1, 2006.

Representative Rice stated that the fees collected will be utilized for the Indigent Trust Fund. He stated that this would amount to approximately \$300 million per year in Georgia. Georgia is sixth in the nation with illegal immigration, second in the south. Florida is first.

Representative Rice stated that the average wire transfer of the illegal immigrants is \$300.00. An estimated \$300 million to \$1 billion dollars could be recouped per year.

Senator Shafer asked if we could charge everyone that sends a wire transfer 5 percent. Representative Rice stated that they could go elsewhere. Senator Shafer stated that we should take the posture to argue for recoup for services to illegal immigrants. **SB 529** will restrict services.

Senator Hudgens stated that a legal alien includes those with a VISA or Passport. They must have a I688A green card to be legal.

Senator Bullock asked if it is the intent to penalize illegals. Representative Rice stated that it is a small down payment on the services they are receiving from the United States.

Senator Bulloch stated that these cases may face a court challenge, and that agriculture is dependent on this illegal workforce because there is a shortage of migrant labor in agriculture.

Chairman Hamrick called upon Sharon Hill of Georgia Appleseed to speak to the legislation. She stated that Georgia Appleseed is a non profit law center, and they are opposed to the legislation. They believe the fees would be unconstitutional, because the purpose of the fees would be to fund indigent health care, therefore it is a tax.

Also speaking in opposition to the legislation was Steve Georgeson of Western Union and Jay Morgan of Money Gram. Their concerns related to clerks having to receive the proof of citizenship from the illegals. This would be a problem.

Chairman Hamrick called upon Cathy Kazava of the Association of Grocers. She stated that the grocers were concerned and opposed to the legislation because of the burden of proof on the cashiers and clerks.

Chairman Hamrick stated that this would be a hearing only on this legislation.

There being no further business, the meeting was adjourned at 3:30 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th
Secretary

/s/ Mary Whiting
Recording Secretary

Senate Banking and Financial Institutions Committee Minutes
March 24, 2006

The Senate Banking and Financial Institutions Committee held its sixth meeting of the 2006 Session of the General Assembly on March 24, 2006 in Room 450 of the Capitol. Chairman Hamrick called the meeting to order at 12:45 p.m.

Members present were Chairman Hamrick, 30th, Senator Miles, 43rd, Senator Bulloch, 11th, Senator Schaefer, 50th, Senator Harbison, 25th, Senator Cagle, 49th, and Senator Hudgens, 47th.

HB 1238 (Rice, 51st) Wire transmission; money; illegal immigrant fee

Chairman Hamrick opened the meeting by stating that this is a Substitute to **HB 1238**. It is the same language that we passed earlier in the session in **SB 535** without the floor amendment, which involved consumer affairs, developing reports, and reporting to the General Assembly.

Senator Hamrick stated that this bill is the same one that has been sitting in the House Banking Committee for awhile and has not been moved out. He stated that we are just trying to provide another chance for this important legislation to get through the process, and that is all we need to do.

Senator Bulloch stated that this is a great consumer protection piece of legislation, and he moved "Do Pass by Substitute." Senator Miles seconded the motion. Motion passed unanimously.

There being no further business, the meeting was adjourned at 1:00 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th, Secretary

/s/ Mary Whiting
Recording Secretary